

TS2D: Monitor economic and financial performance indicators at operator and national level

REGULATORY FUNCTION: TARIFF SETTING		TS2D
OBJECTIVE TS2 Compliance with approved tariffs and performance is monitored through financial and operational information received from operators	ACTION CARD TS2D MONITOR ECONOMIC AND FINANCIAL PERFORMANCE INDICATORS AT OPERATOR AND NATIONAL LEVEL	
COST: Low FREQUENCY: Regular TARGET GROUPS: Regulators, service operators, service clusters		
DESCRIPTION Given the importance of tariff accuracy, it is also necessary to monitor their values over time, and compare operators, and nationwide trends. This action is commonly performed through benchmarking exercises, where data collected through inspections is rated. Regulators then assess the results of audited data at operator, cluster, and national levels to rank operators' performance over several regulatory cycles. This mechanism allows regulators to develop a sector overview, and to draw important conclusions when defining or adjusting future tariffs. It also serves in refining visions for sector development. Regulators must however, predefine incentives aimed to reward operators whose tariff implementation could serve as an example for other players in the sector.		
EXPECTED OUTCOMES <ul style="list-style-type: none"> • Operators whose performance declines over time might face consequences. • Operators whose performance improves over time are awarded as sectoral champions. • Consumers are informed about sector performance. 		
EXAMPLE: ZAMBIA In Zambia , the Urban and Peri-Urban Water Supply and Sanitation Sector Report is produced annually to inform the public on the performance of water and sewerage companies. It highlights and benchmarks the performance of the 11 water and sewerage companies and six private schemes.		
LINKS Zambian performance report: http://www.nwasco.org.zm/index.php/media-center/news1/138-water-sector-scores-a-success		
INTERNAL CAPACITIES NEEDED AND THE ROLE OF PARTNERS Monitoring sector performance trends through benchmarking requires regulators to have solid strategic, financial, and planning skills. Given the importance of the results of this exercise, it is necessary to train regulators' staff on how to read different trends, and how to convert them into strategic decisions. Development partners can support operations by training in a range of required procurement, administrative and public relations skills. Other sector actors would also benefit from training to enhance their participatory capacity when working with regulators on future tariff adjustments.		